



NEWS RELEASE

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FORMER IRS REVENUE AGENT CHARGED IN INVESTMENT SCAM THAT SOLD UNREGISTERED SECURITIES IN INTERNET COMPANIES

Scam Bilked Investors across the Country out of more than \$10 Million

A former revenue agent with the Internal Revenue Service was charged today in relation to a securities fraud scheme that took more than \$10 million from hundreds of victims across the country.

George Tannous, 51, of Tujunga, was charged in a two-count information that accuses him of conspiracy to commit securities fraud and subscribing to a false tax return. In a plea agreement also filed today in United States District Court in Los Angeles, Tannous agreed to plead guilty to the two felony counts.

The information outlines a scheme in which Tannous and three co-conspirators solicited victims to purchase unregistered stock in Bidbay.com, Inc. (also known as Auctiondiner.com, Inc.) and several related shell companies. Tannous was the president of Bidbay. The information alleges that victims were lured by false statements that Bidbay.com and/or the shell companies would soon be acquired by Ebay, Inc. for \$20 per share. Ebay never had any intention of acquiring Bidbay.com and, in fact, had filed a trademark infringement lawsuit against Bidbay.com over the use of "bay" in its name.

Tannous failed to disclose that Bidbay.com and the related shell companies paid sales commissions of more than 50 percent to telemarketers who solicited investors, according to court papers. In 2001, Tannous personally received nearly

\$3 million in investor funds that he failed to disclose to the IRS, which resulted in more than \$800,000 in unpaid taxes.

According to the information, Tannous failed to disclose to investors that one of his co-conspirators was a convicted felon awaiting sentencing on unrelated fraud charges. That co-conspirator, De Elroy Beeler Jr., was indicted last December by a grand jury (see: <http://www.usdoj.gov/usao/cac/pressroom/pr2007/157.html>), and he is scheduled to go on trial on May 20.

Tannous is expected to make his first court appearance in the coming weeks.

The cases against Tannous and Beeler are part of an ongoing investigation by the Federal Bureau of Investigation and IRS-Criminal Investigation.

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